

1 Lincoln D. Bandlow, Esq. (SBN 170449)
2 LATHROP & GAGE LLP
3 1888 Century Park East, Suite 1000
4 Los Angeles, CA 90067
5 Telephone: (310) 789-4600
6 Facsimile: (310) 789-4601
7 Email: lbandlow@lathropgpage.com

8
9 Cameron Garrison (admitted *pro hac vice*)
10 LATHROP & GAGE LLP
11 Kansas City, MO 64108
12 Telephone: (816) 292-2000
13 Facsimile: (816) 292-2001
14 Email: cgarrison@lathropgpage.com

15 Attorney for Defendants
16 Hair U Wear, Inc. (erroneously sued as
17 "Celebrity Signatures International, Inc.")

18
19 IN THE UNITED STATES DISTRICT COURT
20
21 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

22 DC LABS, INC., a Delaware corporation,
23 Plaintiff,
24 vs.

25 CELEBRITY SIGNATURES
26 INTERNATIONAL, INC., a Delaware
27 Corporation,
28 Defendant.

Case No. 12-cv-1454 BEN (DHB)
HAIRUWEAR'S (ERRONEOUSLY
SUED AS "CELEBRITY
SIGNATURES INTERNATIONAL,
INC.") OPPOSITION TO DC LABS'
MOTION TO DISMISS
DEFENDANT/COUNTER-
CLAIMANT HAIRUWEAR, INC.'S
FIFTH AND SIXTH CAUSES OF
ACTION AND; 12F MOTION TO
STRIKE AFFIRMATIVE DEFENSES

Hearing Date:
Date: December 17, 2012
Court room 3, 4th Floor
Time: 10:30 a.m.

29 HAIRUWEAR, INC. (named herein as
30 Celebrity SignaturesInternational, Inc.), a
31 Delaware Corporation),

32 Cross-Complainant,
33 v.

34 DC LABS, INC., a Delaware Coporation,
35 DOES 1-10,
36 Cross-Defendant.

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. STATEMENT OF FACTS	1
III. MOTION TO DISMISSED MUST BE DENIED.....	3
A. Standard for a Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 12(b)(6)	3
B. HairUWear’s Fourth Counterclaim Is Sufficiently Plead.....	4
IV. THE MOTION TO STRIKE MUST BE DENIED.....	7
A. Standard for a Motion to Strike Pursuant to Federal Rule of Civil Procedure 12(f)	7
B. HairUWear’s Affirmative Defenses More Than Meet The Low “Fair Notice” Pleading Standard.....	8
C. Defendants’ Affirmative Defenses Are Proper As a Matter of Law.....	12
D. Leave To Amend Should Be Granted In The Event The Court Is Inclined To Grant The Second Motion	13
V. CONCLUSION.....	14

TABLE OF AUTHORITIES

Cases

4	<i>99 v. C.I.T. Corp.</i> ,	
5	776 F.2d 866 (9th Cir. 1985)	10
6	<i>Abdul-Jabbar v. General Motors Corp.</i> ,	
7	85 F.3d 407 (9th Cir. 1996)	6
8	<i>Ameristar Fence Prod., Inc. v. Phx. Fence Co.</i> ,	
9	2010 U.S. Dist. LEXIS 81468 at *1 (D. Ariz. July 15, 2010).....	9
10	<i>Ariosta v. Fallbrook Union High School</i> ,	
11	2009 WL 1604569 (S.D. Cal. June 4, 2009)	10
12	<i>Ashcroft v. Iqbal</i> ,	
13	129 S.Ct. 1937 (1009).....	8, 9
14	<i>Augustus v. Board of Public Instruction</i> ,	
15	306 F.2d 862, 868 (5th Cir. 1962)	7
16	<i>Bell Atl. Corp. v. Twombly</i> ,	
17	550 U.S. 544 (2007).....	6, 8, 9, 10, 11
18	<i>Bogazici Hava Tasimaciligi A.S. v. McDonnell Douglas Corp.</i> ,	
19	932 F.2d 972, *2 (9th Cir. 1991)	7
20	<i>Conley v. Gibson</i> ,	
21	355 U.S. 41 (1957).....	3, 10
22	<i>Desert European Motorcars Ltd. v. Desert European Motorcars, Inc.</i> ,	
23	2011 WL 3809933 (C.D.Cal. August 25, 2011).....	11

1	<i>Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.,</i>	
2	458 F.3d 931, 935 (9th Cir.2006)	4
3	<i>First Nat'l Ins. Co. of Am. v. Camps Servs., Ltd,</i>	
4	No. 08-cv-12805, 2009 WL 22861, at *2 (E.D.Mich. Jan. 5, 2009).....	9
5	<i>Foman v. Davis,</i>	
6	371 U.S. 178 (1962).....	13
7	<i>Garber v. Mohammadi,</i>	
8	2011 U.S. Dist. LEXIS 57190, at *11 (C.D. Cal. Jan. 19, 2011).....	8
9	<i>Grocery Outlet Inc. v. Albertson's Inc.,</i>	
10	497 F.3d 949 (9th Cir. 2007)	6
11	<i>Howey v. U.S.,</i>	
12	481 F. 2d 1187 (9th Cir. 1973)	13
13	<i>Imperial Tobacco Ltd. v. Philip Morris, Inc.,</i>	
14	899 F.2d 1575 (Fed. Cir. 1990)	5, 6
15	<i>J & J Sports Prods., Inc. v. Jimenez,</i>	
16	2010 WL 5173717, (S.D. Cal. December 15, 2010)	10
17	<i>J&J Sports Productions, Inc. v. Scace,</i>	
18	No. 10-2496, 2011 WL 2132723, at *3 (S.D. Cal. May 27, 2011).....	11
19	<i>Japan Telecom, Inc. v. Japan Telecom America Inc.,</i>	
20	287 F.3d 866, 870 (9th Cir. 2002)	11
21	<i>Kohler v. Islands Rests., LP,</i>	
22	2012 WL 524086, at *2 (S.D. Cal. February 15, 2012)	8, 10
23	<i>Meas v. CVS Pharm., Inc.,</i>	
24	2011 WL 2837432, at *3 (S.D. Cal. July 14, 2011)	8, 9

1	<i>Microsoft Corp. v. A-Tech Corp.</i> ,	
2	855 F. Supp. 308 (C.D. Cal. 1994)	3
3	<i>Pareto v. F.D.I.C.</i> ,	
4	139 F.3d 696 (9th Cir. 1998)	3
5	<i>Romantine v. CH2M Hill Eng'rs, Inc.</i> ,	
6	No. 09-973, 2009 WL 3417469, at *1 (W.D.Pa. Oct. 23, 2009).....	9
7	<i>Sanders v. Kennedy</i> ,	
8	794 F.2d 478, 481 (9th Cir. 1986)	3
9	<i>Securimetrics, Inc. v. Hartford Casualty Insurance, Co.</i> ,	
10	2005 WL 2463749, *2 (N.D. Cal)	7
11	<i>Stabilisierundfonds Fur Wein v. Kaiser</i> ,	
12	647 F.2d 200, 201 (D.C. Cir.1981).....	7
13	<i>State of California ex rel State Lands Comm'n v. United States</i> ,	
14	512 F. Supp. 36 (N.D. Cal. 1981).....	7
15	<i>Transgo, Inc. v. Ajac Transmission Parts Corp.</i> ,	
16	768 F.2d 1001 (9th Cir. 1996)	6
17	<i>Trustmark Ins. Co. v. C&K Mkt., Inc.</i> ,	
18	No. 10-465, 2011 WL 587574, at *1 (D. Or. Feb. 10, 2011)	9
19	<i>United States v. City of Redwood City</i> ,	
20	640 F.2d 963 (9th Cir. 1981)	3
21	<i>Usher v. City of Los Angeles</i> ,	
22	828 F.2d 556 (9th Cir. 1987)	3
23		
24		
25		
26		
27		
28		

1	<i>Vistan Corp. v. Fadei USA, Inc.</i> ,	
2	No. C-10-4862-JCS, 2011 WL 1544796, at *7 (N.D.Cal. Apr.25,	
3	2011).....	12
4	<i>Weddle v. Bayer AG Corp.</i> ,	
5	No. 11-817, 2012 WL 1019824, at *3 (S.D. Cal. March 26, 2012).....	10, 13
6	<i>William Z. Salcer, Panfeld, Edelman v. Envicon Equities Corp.</i> ,	
7	744 F.2d 935 (2d Cir. 1984)	7
8	<i>Worden v. Cal. Fig Syrup Co.</i> ,	
9	187 U.S. 516 (1903).....	11
10	<i>Wyshak v. City Nat'l Bank</i> ,	
11	607 F.2d 824 (9th Cir. 1979)	10, 12
12	<i>Zivkovic v. Southern California Edison Co.</i> ,	
13	302 F.3d 1080 (9th Cir. 2002)	12, 13
14		
15		
16	<u>Statutes</u>	
17	15 U.S.C. § 1127.....	4, 6
18	<u>Rules</u>	
19	Fed. R. Civ. Proc. 12(f).....	7, 13
20	Fed. R. Civ. Proc. 8(c)(1)	9
21		
22	<u>Treatises</u>	
23	<i>Moore's Federal Practice</i> 3d, § 12.37[1], [4]	8
24		
25		
26		
27		
28		

1 **I. INTRODUCTION**

2 Plaintiff DC Labs, Inc.’s (“DC Labs”) Motion to Dismiss and Motion to Strike
 3 are merely attempts to deprive Defendant HairUWear, Inc. (sued erroneously as
 4 Celebrity Signatures International, Inc. [“CSI”]) (herein “HairUWear”) of the
 5 opportunity to fully litigate its counterclaim for abandonment and its affirmative
 6 defenses. DC Labs even goes so far as to urge this Court to adopt the incorrect legal
 7 standard on which to evaluate the pleading of affirmative defenses. DC Labs
 8 incorrectly asserts that Rule 8(a)’s “short and plain statement” standard applies to
 9 affirmative defenses when, in fact, Rule 8(c) governs affirmative defense pleadings
 10 and requires only that a defendant “affirmatively *state* any avoidance or affirmative
 11 defense” – a lesser requirement that is met by simply giving the plaintiff fair notice of
 12 the defense. HairUWear’s affirmative defenses more than meet this low standard.
 13 Moreover, DC Labs’ contention that several of CSI’s affirmative defenses are
 14 insufficient as a matter of law have no merit because DC Labs mischaracterizes the
 15 defenses. Accordingly, DC Labs has failed to meet the high burden required to
 16 justify striking affirmative defenses at the pleading stage or dismiss a counterclaim
 17 and thus this Motion should be denied.

18 **II. STATEMENT OF FACTS**

19 Established in 1997, Celebrity Signatures International, Inc. (“CSI”) merged
 20 into Eva Gabor International, Ltd. with the resultant entity changing its name to
 21 HairUWear, Inc. Dkt. 12 at 2:1-4, 11:26-12:3¹. HairUWear, and its previous
 22 iterations, have been engaged in the distribution, advertising, promotion, offering for
 23 sale and sale of wigs and “alternative hair accessories” including hairpieces, hair
 24 extensions and add-in or add-on hair accessories constructed primarily of synthetic
 25 and/or human hair for many years prior to the commencement of this action. *Id.* at
 26

27 ¹ The First Amended Answer to Complaint, Affirmative Defenses and Amended
 28 Counterclaims (herein “Amended Answers and Counterclaims”) is available at
 Docket #12.

1 12:17-22. DC Labs purports to sell hair care products namely shampoos,
 2 conditioners, and styling spray, styling lotion, styling gel and styling mousse. Dkt. 1
 3 at 2:15-17.² DC Labs has also asserted ownership of several trademarks utilizing the
 4 designation “OVATION” in connection with the sale of its products. Dkt. 1 at 3:6-
 5 17. These trademarks include U.S. federal trademark registration no. 4,082,488 for
 6 OVATION CELL THERAPY (the “488 Registration”), U.S. federal trademark
 7 registration no. 4,142, 800 for OVATION HAIR (the “800 Registration”), and U.S.
 8 federal trademark no. 4,082,489 for OVATION (with design) (the “489
 9 Registration”). *Id.* at Exhs. 1, 2, and 3; Dkt. 12 at 13:15-23. These registrations
 10 purport to have been filed with the United States Patent and Trademark Office on
 11 January 28, 2011, November 10, 2011 and January 28, 2011, respectively. *Id.*

12 CSI, predecessor to HairUWear, began using a style designation of “Ovation”
 13 with a CSI product, the RAQUEL WELCH® wig prior to the filing dates of the 488,
 14 800, or 489 Registrations, respectively. Dkt. 12 at 13:23-14:1. DC Labs has not
 15 alleged that either CSI or HairUWear has used “Ovation” on anything other than
 16 wigs, or in any category of product that would fall into the category of “hair care
 17 preparations.” *See* Dkt. 1 at Exhs. 1, 2, and 3. Moreover, DC Labs has not used
 18 “Ovation” on all the goods identified in its 400, 488 and 489 Registrations. Dkt. 12
 19 at 20:27-21:3; Dkt. 1 at Exhs. 1, 2, and 3.

20 Nevertheless, counsel for DC Labs sent HairUWear two separate cease and
 21 desist letters, to which HairUWear responded outlining the erroneousness of DC
 22 Lab’s claims and pointing to various Office Actions by the United States Patent and
 23 Trademark Office in which DC Labs had expressly distinguished their marks from
 24 other uses of “Ovation.” *See* Dkt. 12 at 15:11-16:12, Exhs. A, B and C. Instead of
 25 responding to HairUWear’s response letters, DC Labs elected to file this law suit on
 26 June 15, 2012. Dkt. 1. DC Labs plead the 400, 488 and 489 Registrations as the
 27

28 ² The Complaint is available at Docket #1.

1 basis for the instant lawsuit. Dkt. 1 at 3:6-17; Dkt. 12 at 13:4-9. HairUWear
 2 answered and counterclaimed on August 21, 2012. Dkt. 7. DC Labs filed a Motion
 3 to Dismiss Counterclaims and Motion to Strike Affirmative Defenses on September
 4 10, 2012. Dkt. 9. In response to this Motion, with leave of the Court and the
 5 stipulation of DC Labs, HairUWear amended its Answer and Counterclaims on
 6 October 8, 2012. Dkt. 12. On October 19, 2012, DC Labs filed the instant Motion.
 7 Dkt. 14. Given DC Labs' complete disregard for the valid arguments eviscerating
 8 DC Labs' alleged potential claims against Defendant and its insistence on filing this
 9 lawsuit in the face of those invalidating facts, it is notable that DC Labs purports to
 10 file the instant motion to streamline the process to meritorious claims in an effort to
 11 save both the parties and this Court's time and resources. *See* Dkt. 14-1 at 1:10-13.

12 **III. MOTION TO DISMISSED MUST BE DENIED**

13 **A. Standard for a Motion to Dismiss Pursuant to Federal**
 14 **Rule of Civil Procedure 12(b)(6)**

15 In evaluating the merits of a Motion to Dismiss under Rule 12(b)(6), the Court
 16 "must accept as true all material allegations in the complaint, as well as reasonable
 17 inferences to be drawn from them." *Pareto v. F.D.I.C.*, 139 F.3d 696, 699 (9th Cir.
 18 1998). "A complaint should not be dismissed for failure to state a claim unless it
 19 appears beyond doubt that the [nonmoving party] can prove no set of facts in support
 20 of his claim which would entitle him to relief." *Microsoft Corp. v. A-Tech Corp.*, 855
 21 F. Supp. 308, 311 (C.D. Cal. 1994), *citing Conley v. Gibson*, 355 U.S. 41, 45-46
 22 (1957). "In a 12(b)(6) motion to dismiss, the court must presume all factual
 23 allegations of the complaint to be true and draw all reasonable inferences in favor of
 24 the nonmoving party." *Id.*, *citing Usher v. City of Los Angeles*, 828 F.2d 556, 561
 25 (9th Cir. 1987); *United States v. City of Redwood City*, 640 F.2d 963, 966 (9th Cir.
 26 1981). The complaint must be construed in the light most favorable to the
 27 nonmoving party. *Sanders v. Kennedy*, 794 F.2d 478, 481 (9th Cir. 1986). Here, the
 28 allegations in the Amended Counterclaims are more than sufficient to support

1 HairUWear's claim for trademark abandonment. Certainly, DC Labs has presented
 2 nothing to suggest that it would be beyond doubt that HairUWear could not prove
 3 facts to support its claim.

4 **B. HairUWear's Fourth Counterclaim Is Sufficiently Plead**

5 The Lanham Act provides for two ways that a trademark may be abandoned,
 6 namely, through (1) nonuse, or (2) the mark becoming generic. *See* 15 U.S.C. §
 7 1127. In the instant matter, HairUWear has alleged that DC Labs has abandoned its
 8 trademarks for "Ovation" through nonuse.³ To plead a claim for abandonment due to
 9 nonuse, the following two elements must be plead: (1) "discontinuance of trademark
 10 use" and (2) "intent not to resume such use." *Electro Source, LLC v. Brandess-Kalt-*
 11 *Aetna Group, Inc.*, 458 F.3d 931, 935 (9th Cir.2006) (citing 15 U.S.C. § 1127). DC
 12 Labs asserts that HairUWear has not plead any allegations supporting this cause of
 13 action. This is incorrect.

14 HairUWear has explicitly plead DC Labs' own non-use: "[u]pon information and
 15 belief, DC Labs has either never used its alleged trademarks with all of the goods
 16 listed in the '488, '800 and '489 Registrations, or it has discontinued use of its
 17 alleged trademarks with all the goods listed in the '488, '800 and '489 Registrations."
 18 *See* Dkt. 12 at 20:27-21:4. In addition, HairUWear, through its pleading, has
 19 expressly identified exactly which uses from each of the three Registrations
 20 HairUWear alleges have been abandoned. HairUWear expressly alleged that, in the
 21 488 Registration, DC Labs has never used "Ovation Cell Therapy" in conjunction
 22 with "styling preparations, styling sprays, styling lotion, styling gel and styling
 23 mousse." *Id.* at 14:19-25. HairUWear also expressly alleged that, in the 489
 24 Registration, DC Labs has never used "Ovation" in conjunction with styling lotion,

25
 26

³ To the extent that DC Labs argues that HairUWear has not plead genericness of the
 27 alleged "Ovation" mark, HairUWear need only plead generic or non-use to support a
 28 claim for abandonment, not both. 15 U.S.C. § 1127. HairUWear is not alleging that
 "Ovation" is generic.

1 styling gel and styling mousse.” *Id.* at 15:4-10. And finally, HairUWear explicitly
 2 plead that DC Labs has not made any use of “Ovation Hair” in conjunction with any
 3 of the uses claimed in the 800 Registration. *Id.* at 14:27-15:3.

4 DC Labs cites no authority for its proposition that because HairUWear has not
 5 plead that DC Labs has discontinued the use of all the goods listed in the 488 and 489
 6 Registrations, that HairUWear cannot maintain a claim for abandonment for those
 7 uses that have been discontinued. And no such authority exists. HairUWear has fully
 8 plead the basis for its claim for abandonment with respect to each of the three alleged
 9 registrations (including the ‘800 registration, for which HairUWear has alleged
 10 complete abanodment). Thus, HairUWear has plead the element of non-use required
 11 for its abandonment claim.

12 Second, HairUWear has demonstrably plead DC Labs’ intention not to resume use
 13 (or ever start use) on all the goods named in the Registrations through several
 14 allegations, including the allegation that DC Labs has knowingly allowed third party
 15 use. Indeed, HairUWear explicitly plead DC Labs’ intent not to resume such use:
 16 “Upon information and belief, DC Labs does not intend to begin or resume use of its
 17 alleged trademarks with the goods listed in the ‘488, ‘800 and ‘489 Registrations.”
 18 Dkt. 12 at 21:4-6. Additionally, HairUWear has plead DC Labs’ allowance of third
 19 parties to use the designation “Ovation” on personal grooming products to
 20 demonstrate DC Labs’ lack of intent to resume or commence use of “Ovation” on
 21 some of the goods named in the Registrations. “Upon information and belief, DC
 22 Labs has demonstrated its lack of intent to commence or resume use of its alleged
 23 trademarks by knowingly permitting the use of the designation ‘Ovation’ with
 24 personal grooming products by third parties throughout the period in which DC Labs
 25 has claimed exclusive use of its alleged OVATION trademarks.” Dkt. 12 at 21:7-11;
 26 *see also* *Id.* at 21: 12-17.

27 In *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575 (Fed. Cir. 1990),
 28 the Federal Circuit clarified that the Lanham Act did away with the common law

1 requirement that intent to abandon must be proved. Rather, where a “*prima facie*
 2 abandonment of a mark is established by proof of its nonuse for two consecutive
 3 years,” a registrant must overcome that *prima facie* case “with evidence that is
 4 ‘discontinued’ use of a mark without an ‘intent not to resume’ use.” *Id.* at 1579 (“In
 5 effect, the presumption eliminates the challenger’s burden to establish the intent
 6 element of abandonment as an initial part of its case.”); *Grocery Outlet Inc. v.*
 7 *Albertson’s Inc.*, 497 F.3d 949, 954 (9th Cir. 2007) (recognizing the holding in
 8 *Imperial Tobacco*). Indeed, “[i]ntent not to resume may be inferred from
 9 circumstances.” 15 U.S.C. § 1127; *see also Abdul-Jabbar v. General Motors Corp.*,
 10 85 F.3d 407, 411 (9th Cir. 1996); *Grocery Outlet Inc. v. Albertson’s Inc.*, 497 F.3d
 11 949, 954 n. 2 (9th Cir. 2007). The circumstances present here, such as DC Labs’
 12 allowance of third party use, are a persuasive factor in demonstrating abandonment.
 13 *See Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1017-18 (9th Cir.
 14 1996) (failure to exercise sufficient or adequate control over trademark can determine
 15 abandonment). HairUWear recognizes that third party use is not determinative of an
 16 abandonment claim. That it is not dispositive, does not, however, make it irrelevant.
 17 The third party use alleged by HairUWear bears on the DC Labs lack of intent to
 18 return to using the Ovation marks. *See* Dkt. 12 at 21:7-17.

19 Moreover, DC Labs’ argument that this counterclaim constitutes the kind of bare
 20 bones, conclusory pleading disallowed under *Twombly*, does not survive the slightest
 21 scrutiny upon examination of the actual counterclaim. First and foremost,
 22 HairUWear has provided all the known details about the types of abandoned goods
 23 named in the Registrations and DC Labs’ failure to ever use “Ovation” in conjunction
 24 with any of those goods. Dkt. 12 at 14:19-15:10, 20:27-21:17. It is unclear how
 25 HairUWear would plead a negative with any further specificity. Specific details
 26 regarding a lack of use of a trademark are difficult to provide other than stating that
 27 no such use has occurred. HairUWear’s counterclaim for abandonment has been
 28 adequately plead and is supported by law and thus DC Labs’ Motion to Dismiss the

1 Fourth Counterclaim must be dismissed.

2 **IV. THE MOTION TO STRIKE MUST BE DENIED**

3 **A. Standard for a Motion to Strike Pursuant to Federal Rule of Civil**
 4 **Procedure 12(f)**

5 Motions to strike are disfavored. *Bogazici Hava Tasimaciligi A.S. v.*
 6 *McDonnell Douglas Corp.*, 932 F.2d 972, *2 (9th Cir. 1991); *citing*
 7 *Stabilisierundfonds Fur Wein v. Kaiser*, 647 F.2d 200, 201 (D.C. Cir. 1981); *State of*
 8 *California ex rel State Lands Comm'n v. United States*, 512 F. Supp. 36, 38 (N.D.
 9 Cal. 1981) (“Motions to strike are often looked on with disfavor because of the
 10 tendency for such motions to be asserted for dilatory purposes.”). Pursuant to Federal
 11 Rule of Civil Procedure 12(f) only an “insufficient defense, or any redundant,
 12 immaterial, impertinent, or scandalous matter” is the appropriate subject for a motion
 13 to strike. Fed. R. Civ. Proc. 12(f). Specifically, as pertaining to affirmative defenses,
 14 motions to strike “should only be granted if the asserted defense is clearly insufficient
 15 as a matter of law under any set of facts the defendant *might* allege.” *Securimetrics,*
 16 *Inc. v. Hartford Casualty Insurance, Co.*, 2005 WL 2463749, *2 (N.D. Cal.)
 17 (emphasis added). As the Second Circuit explained: “A motion to strike an
 18 affirmative defense...for legal insufficiency is not favored and will not be granted
 19 ‘unless it appears to a certainty that plaintiffs would succeed despite any state of the
 20 facts which could be proved in support of the defenses.’” *William Z. Salcer, Panfeld,*
 21 *Edelman v. Envicon Equities Corp.*, 744 F.2d 935, 939 (2d Cir. 1984) *vacated on*
 22 *other grounds and remanded*, 478 U.S. 1015, 106 S.Ct. 3324 (1986) (citations
 23 omitted); *accord Augustus v. Board of Public Instruction*, 306 F.2d 862, 868 (5th Cir.
 24 1962) (court should grant motions to strike only if the pleading has no possible
 25 relation to the controversy). “Moreover, even when facts are not disputed...a
 26 ‘motion to strike for insufficiency was never intended to furnish an opportunity for
 27 the determination of disputed and substantial questions of law.’ [T]hese questions
 28 quite properly are viewed as determinable only after discovery and a hearing on the

1 merits,” even in cases where the question is “purely legal.” *Id.*; *see also Moore’s*
 2 *Federal Practice* 3d, § 12.37[1], [4] (Rule 12(f) motions to strike defenses should be
 3 denied if sufficiency or defense depends on disputed issues of fact or questions of
 4 law).

5 Here, DC Labs is seeking to do exactly what all of the above authority
 6 precludes – adjudicate HairUWear’s affirmative defenses without the opportunity for
 7 evidence to be presented.

8 **B. HairUWear’s Affirmative Defenses More Than Meet The Low ‘Fair
 9 Notice’ Pleading Standard**

10 The pleading of affirmative defenses is governed by Federal Rule of Civil
 11 Procedure 8(c). Rule 8(c) requires only that a party “affirmatively *state* any
 12 avoidance or affirmative defense.” F.R.C.P. 8(c)(1) (emphasis added). Rule 8(c)
 13 does not contain the “short and plain statement” language of Rule 8(a). While *Bell*
 14 *Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662
 15 (2009) heightened the pleading standards of Federal Rule of Civil Procedure 8(a) to
 16 require a showing of factual basis or plausibility to successfully plead claims for
 17 relief, neither the Ninth Circuit nor the Supreme Court have ever extended this
 18 heightened pleading standard to affirmative defenses plead under Rule 8(c).

19 While district courts in this Circuit have been split on this issue, the Southern
 20 District of California has expressly refused to extend the heightened pleading
 21 standard of *Twombly* to the pleading of affirmative defenses. *Kohler v. Islands*
 22 *Rests., LP*, 2012 WL 524086, at *2 (S.D. Cal. February 15, 2012) (“[T]his court
 23 declines to extend the *Twombly/Iqbal* pleading standards to affirmative defenses.”);
 24 *Meas v. CVS Pharm., Inc.*, 2011 WL 2837432, at *3 (S.D. Cal. July 14, 2011)
 25 (“Although a close issue, the court concludes that affirmative defenses are not subject
 26 to a heightened pleading standard.”). This position has been echoed by numerous
 27 other district courts in the Ninth Circuit. *Garber v. Mohammadi*, 2011 U.S. Dist.
 28 LEXIS 57190, at *11 (C.D. Cal. Jan. 19, 2011) (“[T]his court is not convinced that

1 *Twombly* should also apply to affirmative defenses.”); *Trustmark Ins. Co. v. C&K*
 2 *Mkt., Inc.*, No. 10-465, 2011 WL 587574, at *1 (D. Or. Feb. 10, 2011) (declining to
 3 extend *Twombly* to affirmative defenses); *Ameristar Fence Prod., Inc. v. Phx. Fence*
 4 *Co.*, 2010 U.S. Dist. LEXIS 81468 at *1 (D. Ariz. July 15, 2010) (“The Court is of
 5 the view that the pleading standards enunciated in *Twombly* and *Ashcroft v. Iqbal*,
 6 129 S.Ct. 1937 (2009), have no application to affirmative defenses pled under Rule
 7 8(c).”); *see also First Nat'l Ins. Co. of Am. v. Camps Servs., Ltd*, No. 08-cv-12805,
 8 2009 WL 22861, at *2 (E.D.Mich. Jan. 5, 2009) (finding *Twombly*’s analysis of the
 9 “short and plain statement” requirement inapplicable to affirmative defenses);
 10 *Romantine v. CH2M Hill Eng'rs, Inc.*, No. 09-973, 2009 WL 3417469, at *1
 11 (W.D.Pa. Oct. 23, 2009) (declining to apply *Twombly* to either affirmative or
 12 negative defenses). The courts declining to apply *Twombly* to affirmative defenses
 13 have applied the logic and precedent of local and federal rules, as well as precedential
 14 case law.

15 First and foremost, *Twombly* itself expressly addressed only Rule 8(a)(2)’s
 16 requirement that a pleading contain “a short and plain statement of the claim showing
 17 that the pleader is entitled to relief,” and did not address the pleading requirements
 18 for Rule 8(c), which governs the pleading of affirmative defenses. *Twombly*, 550
 19 U.S. at 555. Unlike Rule 8(a)(2)’s requirement that entitlement to relief must be
 20 shown, Rule 8(c) simply requires that the responding party “affirmatively state” any
 21 affirmative defenses. Fed. R. Civ. Proc. 8(c)(1) (“In responding to a pleading, a party
 22 must affirmatively state any avoidance or affirmative defense”).

23 Moreover, “practical and judicial economy considerations further support
 24 application of the traditional pleading standard for affirmative defenses.” *Meas*, at
 25 *3. It would be unrealistic to require defendants to investigate and prepare an answer
 26 under heightened Rule 8(a) standards within 21 days of service of the complaint as
 27 required by Rule 12(a)(1), and because a heightened pleading standard may require
 28 courts to address numerous amendments as discovery reveals new defenses. *Id.*

1 Additionally, the Southern District of California has noted that “[g]reat specificity is
 2 not required at the pleading stage because a defense which is not asserted in the
 3 answer is ordinarily waived.” *Ariosta v. Fallbrook Union High School*, 2009 WL
 4 1604569 (S.D. Cal. June 4, 2009); *citing 99 v. C.I.T. Corp.*, 776 F.2d 866, 870, n. 2
 5 (9th Cir. 1985).

6 Finally, to apply the *Twombly* standard to affirmative defenses would also
 7 contradict controlling Ninth Circuit precedent, as well as the developing pattern in
 8 this district. As set by the Ninth Circuit, the standard for pleading an affirmative
 9 defense under Rule 8(c) is merely “whether it gives plaintiff fair notice of the
 10 defense.” *Wyshak v. City Nat'l Bank*, 607 F.2d 824, 827 (9th Cir. 1979); (*citing*
 11 *Conley v. Gibson*, 355 U.S. 41, 47-48 (1957)); *Weddle v. Bayer AG Corp.*, No. 11-
 12 817, 2012 WL 1019824, at *3 (S.D. Cal. March 26, 2012) (relying on *Wyshak* and
 13 rejecting the heightened standard of pleading for affirmative defenses); *J & J Sports*
 14 *Prods., Inc. v. Jimenez*, 2010 WL 5173717, (S.D. Cal. December 15, 2010) (applying
 15 *Wyshak* to evaluate affirmative defenses).⁴ In *Wyshak*, the Ninth Circuit held that an
 16 answer simply alleging that “plaintiff’s claims are barred by the applicable statute of
 17 limitation” with no specific mention of what statute applied in the answer itself was
 18 enough to give the plaintiff fair notice of the defense. *Wyshak*, 607 F.2d at 827.
 19 Accordingly, as recently as March 2012, the Southern District has declined to apply
 20 *Twombly* to the pleading requirements of affirmative defenses. *Weddle v. Bayer AG*
 21 *Corp., supra*. (relying on *Wyshak*, “[t]he Court declines to extend the heightened
 22 pleading standards of *Twombly* to the pleading of affirmative defenses.”); *see also*
 23 *Kohler v. Islands Restaurants, supra*. (ruling on February 16, 2012 that *Twombly* did
 24 not apply to affirmative defenses); *J&J Sports Productions, Inc. v. Scace*, No. 10-
 25

26

⁴ Notably, DC Labs relies on *J&J Sports* for its argument that affirmative defenses
 27 that merely negate aspects of a claim are not properly plead as affirmative defenses
 28 (*see Section IV.C, infra.*), but ignores its failure to apply *Twombly* to affirmative
 defenses.

1 2496, 2011 WL 2132723, at *3 (S.D. Cal. May 27, 2011) (same).

2 Moreover, even if affirmative defenses are subject to the *Twombly* standard of
 3 pleading (which they are not), HairUWear's affirmative defenses meet that standard.
 4 Though DC Labs broadly claims that each and every affirmative defense plead by
 5 HairUWear is deficient, it chose to only address two specific affirmative defenses:
 6 unclean hands and acquiescence. Accordingly, HairUWear will address only those
 7 affirmative defenses that DC Labs has chosen to attack.

8 First, DC Labs claims that HairUWear has not put DC Labs on notice of the
 9 basis of HairUWear's affirmative defense of unclean hands. In reality, the Amended
 10 Answer and Counterclaims is rife with details regarding DC Labs' conduct
 11 constituting unclean hands. "Trademark law's unclean hands defense springs from
 12 the rationale that 'it is essential that the plaintiff should not in his trade mark, or in his
 13 advertisements and business, be himself guilty of any false or misleading
 14 representation.'" *Japan Telecom, Inc. v. Japan Telecom America Inc.*, 287 F.3d 866,
 15 870 (9th Cir. 2002) (citing *Worden v. Cal. Fig Syrup Co.*, 187 U.S. 516, 528 (1903)).
 16 In particular, where HairUWear has alleged that DC Labs has made representations
 17 on its website regarding the use of its products that contradict any allegations which
 18 could support its own Complaint, HairUWear has clearly demonstrated allegations
 19 for a potential unclean hands affirmative defense for misleading its consumers. See
 20 Dkt. 12 at 16:13-20. HairUWear has clearly also plead DC Labs' unclean hands with
 21 respect to its "materially false and misleading" trademark applications. *Id.* at 17:25-
 22 18:4; see also *Id.* at 17:13-19:10. Simply because these allegations are found within
 23 the body of the Amended Counterclaim, as opposed to listed under each affirmative
 24 defense heading, makes them no less supportive of the affirmative defenses. *Desert*
 25 *European Motorcars Ltd. v. Desert European Motorcars, Inc.*, 2011 WL 3809933
 26 (C.D.Cal. August 25, 2011) (considering the allegations of the entire Answer and
 27 Counterclaims to evaluate the pleading of affirmative defenses).

28 DC Labs also attempts to attack the pleading of HairUWear's acquiescence

1 affirmative defense by arguing that the “defense does not identify any conduct by
 2 Plaintiff that suggests that Plaintiff consented to Counterclaimant’s acts.” *See* Dkt.
 3 14-1 at 12:11-16. DC Labs goes on to state that HairUWear has plead no facts at all.
 4 *Id.* DC Labs’ hyperbole is not persuasive. HairUWear has plead allegations
 5 supporting a potential acquiescence affirmative defense. DC Labs failure to police its
 6 marks clearly suggests consent to the use of these marks. *See* Dkt. 12 at 21:7-17. DC
 7 Labs’ failure to address any of the remaining sixteen affirmative defenses on the
 8 grounds of lack of specificity is telling. And given that DC Labs offers no support
 9 for such an argument, that argument must be disregarded.

10 All of HairUWear’s affirmative defenses are adequately plead under the
 11 prevailing standard of pleading for affirmative defenses: *Wyshak*’s notice standard.
 12 Affirmative defenses which are “boilerplate,” and “are standard affirmative defenses,
 13 [are] appropriate at the outset of the case” *Vistan Corp. v. Fadei USA, Inc.*, No.
 14 C-10-4862-JCS, 2011 WL 1544796, at *7 (N.D.Cal. Apr.25, 2011). Moreover,
 15 even though not necessary, the affirmative defenses are also plead adequately under
 16 *Twombly*. DC Labs’ near blanket proclamation that each and every affirmative
 17 defense is inadequately plead must be disregarded.

18 **C. Defendants’ Affirmative Defenses Are Proper As a Matter of Law**

19 Moreover, DC Labs’ contention that HairUWear’s Seventh, Eleventh, Twelfth,
 20 Fifteenth, Sixteenth and Seventeenth affirmative defenses are not affirmative
 21 defenses has no merit. These are HairUWear’s affirmative defenses for no punitive
 22 damages, no attorneys’ fees, no injunctive relief, no secondary meaning, not indicator
 23 of source, marks not famous and lack of damages, respectively. DC Labs relies on
 24 *Zivkovic v. Southern California Edison Co.*, 302 F.3d 1080 (9th Cir. 2002) for its
 25 position that these affirmative defenses must be stricken because they merely purport
 26 to negate elements of the claim. *Zivkovic*’s holding is nowhere near that broad.
 27 *Zivkovic* stands for the proposition that the affirmative defense of accommodation
 28 was not waived by failure to plead it in the answer and allows the defense to be

1 pursued. *Id.* at 1088 (“Edison's attempt to prove that it provided a reasonable
 2 accommodation merely negates an element that Zivkovic was required to prove and
 3 therefore was not an affirmative defense required to be pled in Edison's answer.”).
 4 The *Zivkovic* court simply does not state that these affirmative defenses, routinely
 5 plead as a matter of course, cannot be plead as such. Moreover, regardless of whether
 6 these affirmative defenses are better characterized as denials or affirmative defenses,
 7 there is no prejudice to DC Labs (nor have they claimed any) and thus they need not
 8 be stricken. *Weddle v. Bayer AG Corp., supra.* at *5 (“[B]ecause Plaintiff is not
 9 prejudiced by improperly labeling this denial as a defense, the Court denies Plaintiff's
 10 motion to strike”). Nothing in the challenged affirmative defenses is “redundant,
 11 immaterial, impertinent, or scandalous” enough to overcome the very high bar to
 12 striking an affirmative defense. *See* Fed. R. Civ. Proc. 12(f).

13 **D. Leave To Amend Should Be Granted In The Event The Court Is
 14 Inclined To Grant The Second Motion**

15 For the above-stated reasons, DC Labs' Motion should be denied. Even in the
 16 event that the Court finds that any of DC Labs' contentions have merit—either in its
 17 request to dismiss or strike—the alleged deficiencies are easily cured by amendment.
 18 There is a “strong policy to permit the amending of pleadings,” and the “Supreme
 19 Court has instructed the lower federal courts to heed carefully the command of Rule
 20 15(a), F.R. Civ.P., by freely granting leave to amend when justice so requires.”
 21 *Howey v. U.S.*, 481 F. 2d 1187 (9th Cir. 1973)(citing *Foman v. Davis*, 371 U.S. 178
 22 (1962)). Pursuant to Rule 15(a), the Court should grant HairUWear leave to amend
 23 their counterclaim and affirmative defenses in the event that it finds any of DC Labs'
 24 arguments have merits.

25 //

26 //

1 **V. CONCLUSION**

2 For all the above-stated reasons, HairUWear respectfully requests that the
3 Court deny DC Labs' Motion to Dismiss Counterclaims and to Strike Affirmative
4 Defenses.

5
6 Dated: December 3, 2012

LATHROP & GAGE LLP

7
8 By: /s/ Cameron Garrison
9 Lincoln D. Bandlow
10 Cameron Garrison

11 Attorney for Defendants,
12 HairUWear, Inc. (sued erroneously as "Celebrity
13 Signatures International, Inc.")

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28